

103D CONGRESS  
1ST SESSION

# H. R. 256

To amend the Bank Holding Company Act of 1956.

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## IN THE HOUSE OF REPRESENTATIVES

JANUARY 5, 1993

Mr. NEAL of North Carolina introduced the following bill; which was referred to the Committee on Banking, Finance and Urban Affairs

JULY 26, 1993

Additional sponsor: Mr. VALENTINE

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## A BILL

To amend the Bank Holding Company Act of 1956.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Bank Efficiency Act”.

5 **SEC. 2. PURPOSES.**

6 The purposes of this Act are—

7 (1) to facilitate the efficient operation of banks  
8 that are subsidiaries of multistate bank holding com-  
9 panies;

1           (2) to enhance the interstate delivery of bank-  
2           ing services to both consumers and businesses; and  
3           (3) to strengthen generally the operation of the  
4           banking system.

5 **SEC. 3. AMENDMENTS TO THE BANK HOLDING COMPANY**  
6 **ACT.**

7           (a) DEFINITIONS.—Section 2 of the Bank Holding  
8           Company Act of 1956 (12 U.S.C. 1841) is amended by  
9           adding at the end the following new subsection:

10          “(n) APPROPRIATE FEDERAL BANKING AGENCY.—  
11          For purposes of this Act, the term ‘appropriate Federal  
12          banking agency’ shall have the same meaning as such term  
13          is given in section 3(q) of the Federal Deposit Insurance  
14          Act.”.

15          (b) INTERSTATE BANKING.—Section 3(d) of the  
16          Bank Holding Company Act of 1956 (12 U.S.C. 1842(d))  
17          is amended—

18                (1) by striking “(d)” and inserting the follow-  
19                ing:

20                “(d) LIMITATION BY STATE BOUNDARIES.—

21                    “(1) IN GENERAL.—”; and

22                (2) by adding at the end the following new  
23                paragraph:

24                    “(2) INTERSTATE COMBINATION.—

1           “(A) A bank holding company having sub-  
2           sidiary banks located in more than one State  
3           may combine two or more of such banks into a  
4           single bank by means of merger, consolidation,  
5           or other transaction.

6           “(B) Nothing in this paragraph shall be  
7           deemed to authorize—

8                   “(i) a national bank to operate  
9                   branches at locations in a State unless a  
10                  national bank having offices only in such  
11                  State could operate branches at such loca-  
12                  tions;

13                  “(ii) a State-chartered bank to oper-  
14                  ate branches at locations in a State unless  
15                  a State-chartered bank having branches  
16                  only in such State could operate branches  
17                  at such locations; or

18                  “(iii) a State-chartered bank to oper-  
19                  ate branches at locations outside its char-  
20                  tering State in contravention of such char-  
21                  tering State’s laws.

22           “(C) This paragraph does not affect any  
23           other requirement for regulatory approval or  
24           any other procedures that are applicable under

1 Federal or State law to a combination author-  
2 ized by subparagraph (A).

3 “(D) A bank resulting from a combination  
4 authorized by subparagraph (A) may retain and  
5 operate all existing main offices and branches  
6 in each bank involved in such combination and  
7 in existence at the time of such combination.

8 “(E) A national bank resulting from a  
9 combination authorized under subparagraph  
10 (A) may establish additional branches in any  
11 State in which it has branches to the same ex-  
12 tent and same manner that a national bank  
13 having branches only in such State, may estab-  
14 lish branches in such State.

15 “(F) A national bank resulting from a  
16 combination authorized by subparagraph (A)  
17 shall be entitled to exercise at each of its  
18 branches, all powers and privileges conferred by  
19 Federal law. To the extent that Federal law ref-  
20 erences State law, the applicable State law for  
21 each branch shall be the law of the State in  
22 which the branch is located, except that for  
23 purposes of section 5197 of the Revised Stat-  
24 utes, the appropriate State law shall be the law

1 of the State in which the main office named in  
2 the bank's organization certificate is located.

3 “(G) A State-chartered bank resulting  
4 from a combination authorized under subpara-  
5 graph (A) may, subject to the approval of the  
6 appropriate State regulatory authority, estab-  
7 lish additional branches in any State in which  
8 it has branches, to the extent and in the same  
9 manner as a State bank chartered in such State  
10 and having branches only in such State. For  
11 purposes of this subparagraph, the appropriate  
12 State regulatory authority is solely the State  
13 bank supervisor for the State in which the  
14 branch is proposed to be established.

15 “(H) A State-chartered bank resulting  
16 from a combination authorized by subparagraph  
17 (A) shall be entitled to exercise at each of its  
18 branches, all powers and privileges conferred by  
19 the law of its chartering State and Federal law.  
20 However, a branch of such bank located in a  
21 State other than the chartering State of the  
22 bank, may not exercise any power or privilege  
23 that is not permitted under the laws of the  
24 State in which the branch is located, for a  
25 branch located within such State of a bank

1 chartered by such State. The State bank super-  
2 visor of the State in which the bank is char-  
3 tered shall have authority to determine whether  
4 an activity of a branch is permissible as a mat-  
5 ter of State law. If a branch is located in a  
6 State other than the chartering State, the State  
7 bank regulator for the State in which the  
8 branch is located may independently determine  
9 whether an activity of the branch is permissible  
10 under the law of such State.

11 “(I) A State-chartered bank resulting from  
12 a combination authorized by subparagraph (A)  
13 shall be subject to State supervision only by the  
14 State bank supervisor for the State in which  
15 the bank is chartered. The State bank super-  
16 visor for the State in which a branch is located  
17 may enter into a cooperative agreement with  
18 the supervisor for the chartering State to facili-  
19 tate supervision of the bank and its branches.  
20 Nothing in this subparagraph shall affect the  
21 jurisdiction or authority of the appropriate Fed-  
22 eral banking agency to supervise or examine a  
23 State chartered bank and all of its branches.

24 “(J) A bank may not participate in a com-  
25 bination otherwise authorized by subparagraph

1 (A) if, as of the date of the filing with the ap-  
2 propriate Federal banking agency of an applica-  
3 tion for approval of such combination, the State  
4 in which such bank is located has a statute, en-  
5 acted within 2 years following the effective date  
6 of this paragraph, that provides by express lan-  
7 guage and not merely by implication that no  
8 bank located in such State may combine with  
9 any other bank pursuant to the authority con-  
10 ferred by subparagraph (A).

11 “(K) If a bank resulting from a combina-  
12 tion authorized by subparagraph (A) ceases to  
13 be a subsidiary of a bank holding company, it  
14 shall, within 2 years after the date on which it  
15 is no longer a subsidiary of a bank holding com-  
16 pany, no longer be entitled to the benefits of  
17 this paragraph, and shall comply with all provi-  
18 sions of Federal or State law restricting the ge-  
19 ographic location of its branches. The appro-  
20 priate Federal banking agency may, upon appli-  
21 cation by a bank, extend the 2-year period de-  
22 scribed in this subparagraph, for not more than  
23 one year at a time, if such extension would not  
24 be detrimental to the public interest. No such

1 extensions shall, in the aggregate, exceed 3  
2 years.

3 “(L) If a bank that is combined with an-  
4 other bank pursuant to subparagraph (A) is  
5 subject to conditions imposed by State law pur-  
6 suant to paragraph (1), the resulting bank shall  
7 comply with such conditions to the same extent  
8 that the bank originally subject to such condi-  
9 tions was obligated to do so.

10 “(M) For purposes of this paragraph—

11 “(i) a national bank is located in the  
12 State named in its organization certificate,  
13 and a State-chartered bank is located in  
14 the State in which it is chartered; and

15 “(ii) when a bank seeks pursuant to  
16 this paragraph to operate branches in a  
17 State other than the State in which the  
18 bank is located, the first location in such  
19 other State at which the bank seeks to op-  
20 erate a branch shall be considered to be  
21 the main office of the bank located in such  
22 other State.”.

23 **SEC. 4. NATIONAL BANK ACT AMENDMENTS.**

24 (a) CONVERSIONS TO NATIONAL BANKS.—Section  
25 5154 of the Revised Statutes (12 U.S.C. 35) is amended

1 in the first sentence by inserting before the period “unless  
2 said conversion is undertaken in connection with a com-  
3 bination authorized by section 3(d)(2) of the Bank Hold-  
4 ing Company Act of 1956”.

5 (b) DIRECTOR QUALIFICATIONS.—Section 5146 of  
6 the Revised Statutes (12 U.S.C. 72) is amended in the  
7 first sentence by striking “and at least two-thirds” and  
8 all that follows through “continuance in office,”.

9 **SEC. 5. EMERGENCY ACQUISITION AUTHORITY.**

10 Notwithstanding any other provision of this Act—

11 (1) the amendments made by this Act shall not  
12 be construed to limit or otherwise impair the author-  
13 ity of the Federal Deposit Insurance Corporation to  
14 authorize extraordinary or emergency acquisitions  
15 under section 11(n)(8)(B) or subsections (f) or (k)  
16 of section 13 of the Federal Deposit Insurance Act;  
17 and

18 (2) no bank holding company that has acquired  
19 a bank in accordance with section 11(n)(8)(B) or  
20 section 13(f) of the Federal Deposit Insurance Act  
21 shall, by reason of the combination of such bank  
22 with any other bank in accordance with section  
23 3(d)(2) of the Bank Holding Company Act of 1956,  
24 as amended by this Act, lose or otherwise be de-  
25 prived of any rights or privileges provided to the

1 bank holding company under Federal law by virtue  
2 of the acquisition, including rights or privileges pro-  
3 vided under section 13(f) of the Federal Deposit In-  
4 surance Act.

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